

**§3-1416. Transfer warranties**

(1). A person who transfers an instrument for consideration shall warrant to the transferee and, if the transfer is by indorsement, to any subsequent transferee that:

(a). The warrantor is a person entitled to enforce the instrument; [PL 1993, c. 293, Pt. A, §2 (NEW).]

(b). All signatures on the instrument are authentic and authorized; [PL 1993, c. 293, Pt. A, §2 (NEW).]

(c). The instrument has not been altered; [PL 1993, c. 293, Pt. A, §2 (NEW).]

(d). The instrument is not subject to a defense or claim in recoupment of any party that may be asserted against the warrantor; [PL 2003, c. 594, §4 (AMD).]

(e). The warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor or, in the case of an unaccepted draft, the drawer; and [PL 2003, c. 594, §4 (AMD).]

(f). If the instrument is a demand draft, creation of the instrument according to the terms on its face was authorized by the person identified as the drawer. [PL 2003, c. 594, §5 (NEW).]

[PL 2003, c. 594, §§4, 5 (AMD).]

(2). A person to whom the warranties under subsection (1) are made and who took the instrument in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the instrument plus expenses and loss of interest incurred as a result of the breach.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(3). The warranties stated in subsection (1) may not be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within 30 days after the claimant has reason to know of the breach and the identity of the warrantor, the liability of the warrantor under subsection (2) is discharged to the extent of any loss caused by the delay in giving notice of the claim.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(4). A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(5). If the warranty in subsection (1), paragraph (f) is not given by a transferor under applicable conflict of laws rules, then the warranty is not given to that transferor when that transferor is a transferee.

[PL 2003, c. 594, §6 (NEW).]

**SECTION HISTORY**

PL 1993, c. 293, §A2 (NEW). PL 2003, c. 594, §§4-6 (AMD).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Legislature and is current through October 15, 2024. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.